

Teachers' association. A city school teacher's association, formed to improve its members' professional abilities and to secure for them better salaries and working conditions, that sponsors seminars and courses for its members, participates in teacher conventions, bargains collectively and processes grievances, and keeps its members informed of its activities through regular meetings and a newsletter, may qualify for exemption as a labor organization.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(5) of the Internal Revenue Code of 1954.

The organization is an association of teachers who are employed by the school system of a certain city and teach in that city's public schools. The organization was formed to improve the professional abilities of its members and to secure for them better salaries and working conditions. To accomplish these purposes, the organization sponsors seminars and courses for its members, participates in state and national conventions of teachers, and bargains collectively and processes grievances on behalf of its members pursuant to a labor contract with the local school board. To keep its members informed of these activities, the organization sends out a monthly newsletter and conducts regular meetings.

Section 501(c)(5) of the Code provides for the exemption from Federal income tax of labor organizations.

Section 1.501(c)(5)-1(a) of the Income Tax Regulations provides that labor organizations contemplated by section 501(c)(5) of the Code include those which have as their objects the betterment of the conditions of those engaged in labor, and the development of a higher degree of efficiency in their respective occupations.

The organization, by bargaining collectively and processing grievances on behalf of its members, has as its object the betterment of the conditions of those engaged in labor. By sponsoring seminars and courses and by participating in conventions of teachers, the organization has as its object the development of a higher degree of efficiency in the teaching profession. By keeping its members informed of these activities, through its newsletters and meetings, the organization furthers both of these objects.

Accordingly, since the organization's activities and objects are those of a labor organization, it qualifies for exemption from Federal income tax under section 501(c)(5) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form

1024, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(5) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.